

Hearing Date: March 4, 2014, 11 am
Objection Deadline: Feb. 26, 2014, 5 pm

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK**

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In re: : Chapter 11
:
PERSONAL COMMUNICATIONS : Case No. 13-74303 (AST)
DEVICES LLC, et al.¹ :
:
Debtors : (Jointly Administered)
:
-----X

**FIRST SUPPLEMENTAL APPLICATION OF FTI CONSULTING, INC., FINANCIAL
ADVISOR TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF
PERSONAL COMMUNICATIONS DEVICES LLC, *ET AL.* ALLOWANCE OF
COMPENSATION AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD
FROM JANUARY 1, 2014 THROUGH JANUARY 31, 2014**

Name of Applicant:	FTI Consulting, Inc.
Authorized to Provide Professional Services to:	The Official Committee of Unsecured Creditors of Personal Communications Devices LLC, <i>et al.</i>
Date of Retention:	September 23, 2013 (nunc pro tunc to August 26, 2013)
Compensation Period:	January 1, 2014 – January 31, 2014
Amount of Compensation sought as actual, reasonable and necessary	\$68,255.50
Amount of Expense Reimbursement sought as actual, reasonable and necessary	\$505.30

¹ The Debtors in these chapter 11 cases, along with the last four (4) digits of each Debtor's federal tax identification number, are: Personal Communications Devices, LLC, a Delaware limited liability company (4171) and Personal Communications Devices Holdings, LLC, a Delaware limited liability company (4096). The Debtors' mailing address is 80 Arkay Drive, Hauppauge, Suffolk County, NY 11788.

SUMMARY OF FEES

SUMMARY OF HOURS BY PROFESSIONAL FOR THE PERIOD JANUARY 1, 2014 THROUGH JANUARY 31, 2014

PROFESSIONAL	POSITION	BILLING RATE	HOURS	TOTAL FEES	
Eisenband, Michael	Senior Managing Director	925	4.0	\$3,700.00	(1)
Tully, Conor	Senior Managing Director	925	15.0	13,875.00	(1)
Baumkirchner, Michael	Managing Director	765	38.7	29,605.50	(1)
Barrett, Dennis	Senior Consultant	550	35.0	19,250.00	(1)
Hellmund-Mora, Marili	Associate	250	8.4	2,100.00	
Sub Total			101.1	\$68,530.50	
Less: 50% discount for non-working travel time				(275.00)	
Total			101.1	\$68,255.50	

(1) Reflects revised rates effective January 1, 2014.

Blended Rate: \$ 675.13

FTI Consulting, Inc. (the “Applicant” or “FTI”), financial advisor to the Official Committee of Unsecured Creditors (the “Committee”) of Personal Communication Devices, LLC, *et al.*, (collectively, the “Debtors”), hereby submits its First Supplemental Fee Application (the “Fee Application”) pursuant to sections 330 and 331 of title 11 of the United States Code (the “Bankruptcy Code”) and Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) for interim allowance of compensation for professional services performed by FTI for the period commencing January 1, 2014 through and including January 31, 2014 (the “First Supplemental Period”) and reimbursement of its actual and necessary expenses incurred during the First Supplemental Period, and respectfully represents as follows:

INTRODUCTION

1. FTI provided services to the Committee in accordance with the instructions and directions of the Committee. FTI is compensated on an hourly fee basis, plus reimbursement of actual and necessary expenses incurred by FTI.
2. By this Fee Application, FTI seeks allowance of (i) compensation for actual and necessary professional services rendered by FTI as financial advisor to the Committee for the First Supplemental Period in the amount of \$68,255.50 and (ii) expense reimbursement for expenses incurred in the First Supplemental Period in the amount of \$505.30, for a total of \$68,760.80 for the First Supplemental Period.
3. On February 3, 2014 FTI filed its First Interim Fee Application [Docket Number 297] covering the period August 26, 2013 through December 31, 2013. The hearing for the court to consider the First Interim Fee Application is scheduled for March 4, 2014 at this same hearing this First Supplemental Application will be considered.
4. This Fee Application has been prepared in accordance with the Amended Guidelines for Fees and Disbursements for Professionals in the Eastern District of New York

Bankruptcy Cases effective as of June 10, 2013 [General Order 613] (the “General Order”) and the Amended Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals, entered on September 23, 2013, (the “Interim Compensation Order”) [Docket No. 135]. Pursuant to the terms of the Interim Compensation Order, Applicant, among others, is required to submit monthly fee statements to counsel for the Debtors, JPMorgan Chase, PineBridge, DLJ, and the U.S. Trustee (collectively, the “**Notice Parties**”). JPMorgan Chase has since then requested that it no longer receive copies.

5. This Fee Application summarizes the services rendered by FTI on behalf of the Committee during the First Supplemental Period. While it is not possible or practical to describe each and every activity undertaken by FTI, FTI has maintained contemporaneous time records which include a detailed chronology of the daily services rendered, describing the precise nature of the work, the specific tasks performed, and the time expended by each professional. A breakdown of the hours and fees by professional is annexed hereto as **Exhibit A**. A breakdown of the hours and fees by task code is annexed hereto as **Exhibit B**. A detailed copy of the time records for the First Supplemental Period is annexed hereto as **Exhibit C**.

6. FTI has incurred out-of-pocket disbursements during the First Supplemental Period broken down into categories of charges itemized in **Exhibit D**. A detailed breakdown of these charges is annexed hereto as **Exhibit E**. Each charge incurred by FTI was necessary and reasonable, and was incurred as a direct result of FTI’s representation of the Committee.

7. On February 19, 2014, Applicant will serve its monthly statement for services provided from January 1, 2014 through January 31, 2014 (the “**January Statement**”) on the Notice Parties.

Case Status

8. The Debtors filed a disclosure statement on December 24, 2013 [Docket No. 254]. A plan of reorganization is attached to the Disclosure Statement as Exhibit A and was also filed separately on December 24, 2013 [Docket No. 253] (the "Plan"). The Disclosure Statement was approved for adequacy at a hearing on February 12, 2014 while the Plan has not been confirmed.

9. Under 28 U.S.C. § 1930(a)(6), the parties commencing these cases are responsible for paying fees to the U.S. Trustee, and the Committee is not in position to confirm whether such fees have been paid.

10. Monthly Operating Reports for Personal Communications Devices, LLC for the period from August 20, 2013 through September 30, 2013 was filed on August 30, 2013 [Docket No. 211]; for the period from October 1, 2013 through October 31, 2013 was filed on December 2, 2013 [Docket No. 245]; for the period from November 1, 2013 through November 30, 2013 was filed on January 15, 2014 [Docket No. 276]. Separate Monthly Operating Reports for Personal Communications Devices Holdings, LLC for all three of the aforementioned periods were filed on January 15, 2014 [Docket Nos. 277, 278 and 279]. Monthly Operating Reports for the period December 1, 2013 through December 31, 2013 for Personal Communications Devices, LLC and Personal Communications Devices Holdings, LLC were filed on February 11, 2014 [Docket No. 317 and 318]. The Committee is not aware of the filing of any other Monthly Operating Reports.

11. According to the most recently filed Monthly Operating Report for the period through December 31, 2013 [Docket No. 317], the Debtors' have \$4,104,100 of cash on the balance sheet and \$3,156,845 of accrued and unpaid post-petition liabilities consisting of trade

payables, professional fees, amounts due to insiders and accrued expenses as of December 31, 2013. The Debtors do not disclose the amount of unencumbered funds in the Monthly Operating Reports.

JURISDICTION

12. This Court has jurisdiction over this Fee Application pursuant to 28 U.S.C. § 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b). The statutory predicates for the relief requested herein are Bankruptcy Code sections 330, 331, and 1103(a) and Bankruptcy Rules 2002(a) and 2016.

BACKGROUND

13. On August 19, 2013 (the "Petition Date"), the Debtors filed with this Court their voluntary petitions for relief under chapter 11 of title 11 of the Bankruptcy Code.

14. The Debtors continue to operate their businesses and manage their assets as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in Chapter 11 cases.

15. On August 26, 2013 the Office of the United States Trustee for the Eastern District of New York (the "US Trustee") held a meeting to appoint the Committee pursuant to section 1102 of the Bankruptcy Code (the "Formation Meeting") [Docket No. 54]. At the Formation Meeting, the Committee selected Perkins Coie LLP ("Perkins Coie") as its counsel, and the Committee selected FTI as its financial advisor.

16. The following two members currently comprise the Committee: (a) HTC America, Inc. and (b) TCT Mobile, Inc. (Pantech Wireless, Inc. was initially appointed to the Committee and subsequently resigned).

17. By an Order dated September 9, 2013, this Court authorized and approved the Committee's retention of FTI nunc pro tunc to August 26, 2013 [Docket No. 128] (the "Retention Order").

TERMS AND CONDITIONS OF EMPLOYMENT

18. FTI is compensated on an hourly fee basis, plus reimbursement of actual and necessary expenses incurred by FTI. For further information regarding the terms and conditions of FTI's retention, please see the Retention Order.

19. FTI holds no retainer in these cases, and has no budgetary or other limitations on fees. Pursuant to orders of this Court, the source of compensation is funds of the Debtors' estates.

SUMMARY OF SERVICES RENDERED

20. The Debtors' chapter 11 cases have presented numerous large and complex issues that had to be addressed in order to preserve and maximize value for unsecured creditors. The Retention Order authorized FTI to render financial advisory services to the Committee.

21. FTI has taken reasonable steps to avoid duplication of services by FTI's professionals. During the course of the First Supplemental Period, there have been a few instances where more than one FTI professional participated in a conference call. These multiple attendees were necessary to accomplish the significant amount of work which needed to be performed in a compressed amount of time involving complex facts and transactions and the participation and involvement of multiple attendees to divide up the work was necessary under the circumstances.

22. The primary services rendered by FTI include, but are not limited to, the categories set forth below. FTI's Fee Application and project billing format is generally consistent or substantially conforms with and is inclusive of all of the concepts in Exhibit A to the General Order, and includes additional detail, information, and categories.

Task Code 14: Analysis of Claims/Liabilities Subject to Change (21.9 hours)

Professionals	Title	Rate	Hours	Amount
Eisenband, Michael	Sr Managing Dir	925	1.7	1,572.50
Tully, Conor	Sr Managing Dir	925	4.6	4,255.00
Baumkirchner, Michael	Managing Dir	765	6.5	4,972.50
Barrett, Dennis	Sr Consultant	550	9.1	5,005.00
	TOTAL		21.9	15,805.00

23. During the First Supplemental Period, FTI analyzed the unsecured claims pool of each of the Debtors and how those pools would impact potential recoveries to creditors. Included in this task code was time spent reviewing and analyzing HTC's administrative claim motion.

Task Code 18: Potential Avoidance Actions and Litigation (21.7 hours)

Professionals	Title	Rate	Hours	Amount
Eisenband, Michael	Sr Managing Dir	925	1.2	1,110.00
Tully, Conor	Sr Managing Dir	925	5.3	4,902.50
Baumkirchner, Michael	Managing Dir	765	11.2	8,568.00
Barrett, Dennis	Sr Consultant	550	4.0	2,200.00
	TOTAL		21.7	16,780.50

24. During the First Supplemental Period, FTI performed analyses to assist counsel in pursuing potential causes of action. These analyses consisted of a review of the Debtors' document productions which included among others, historical financial and operating results and trends, board presentations, analysis of the Debtors' capitalization, and other analyses. Included in this task code was a portion of the time devoted to document retention.

Task Code 21: Meetings with Committee & Committee Counsel (10.5 hours)

Professionals	Title	Rate	Hours	Amount
Eisenband, Michael	Sr Managing Dir	925	1.1	1,017.50
Tully, Conor	Sr Managing Dir	925	2.0	1,850.00
Baumkirchner, Michael	Managing Dir	765	3.5	2,677.50
Barrett, Dennis	Sr Consultant	550	3.9	2,145.00
	TOTAL		10.5	7,690.00

25. In the First Supplemental Period, FTI prepared for and participated in numerous conference calls with the Committee and its counsel in order to apprise them of all pertinent areas that have an economic impact on these cases. These calls included discussions with respect to liquidity, pending motions, document retention, litigation updates, and Plan of Liquidation updates. In preparation for these calls, FTI prepared numerous memos and reports summarizing the aforementioned topics.

REASONABLENESS OF FEES

26. FTI seeks compensation for actual, necessary professional services rendered and reimbursement of reasonable expenses incurred on behalf of the Committee during the First Supplemental Period. During the First Supplemental Period, FTI charged \$68,255.50 in fees. FTI submits that its fees are reasonable for the work performed in these cases and the results obtained.

27. All of the services for which interim compensation is sought herein were rendered for and on behalf of the Committee, and not on behalf of any other entity. FTI respectfully submits that the professional services rendered were necessary, appropriate and have contributed to the effective administration of the Debtors' chapter 11 cases and maximization of value. It is respectfully submitted that the services rendered to the Committee were performed efficiently,

effectively and economically, and the results obtained have benefited the unsecured creditor body as a whole and the Debtors' estates.

28. FTI believes that its billing rates (the "Guideline Rates") in these Chapter 11 cases are "reasonable billing rates" for purposes of this Court's determination of the "reasonableness" of the fees for services rendered, appropriate for fees in these cases, and are in accordance with FTI's Retention Application [Docket No. 110]. FTI's billing rates were disclosed in the retention papers and approved by this Court. If the cases were not cases under the Bankruptcy Code, FTI would likely charge and expect to receive, on a current basis, rates at least equal to the amounts requested herein for professional services.

EXPENSES

29. During the First Supplemental Period, FTI incurred \$505.30 in expenses on behalf of the Committee. Detailed descriptions of FTI's expenses were included in the Monthly Fee Statement.

30. FTI believes that the expenses incurred are reasonable and economical in view of the services required by the Committee and were incurred as a direct result of FTI's representation of the Committee. These expenses are the type customarily charged to non-bankruptcy clients of FTI. None of the expenses relate to non-reimbursable overhead. FTI has adhered to allowable rates for expenses as fixed by local rule or order of the Court.

31. A Certification of Conor Tully in support of this Fee Application attesting to FTI's compliance with the General Order is annexed hereto as **Exhibit F**.

CONCLUSION

32. In accordance with the factors enumerated in section 331 of the Bankruptcy Code, the amounts requested herein are fair and reasonable given (a) the complexity of the cases, (b) the time expended, (c) the nature and extent of the services rendered, (d) the value of such services, and (e) the costs of comparable services other than in a case under the Bankruptcy Code.

33. FTI submits that pursuant to the criteria normally examined in bankruptcy cases, and based upon the factors considered in accordance with sections 330 and 331 of the Bankruptcy Code and Bankruptcy Rule 2016, the results achieved provide more than sufficient justification for approval of the compensation sought by FTI.

34. As a result of FTI's efforts herein, it is respectfully submitted that FTI's efforts are resulting in a substantial benefit to the Committee and its constituents.

WHEREFORE, FTI respectfully requests that a first supplemental award for fees during the First Supplemental Period in the amount of \$68,255.50 and reimbursable expenses in the amount of \$505.30, totaling \$68,760.80 be granted and that this Court grant such other, further and different relief as it deems just and proper.

Dated: New York, New York
February 19, 2014



Conor Tully
Senior Managing Director
FTI CONSULTING, INC.
Three Times Square
New York, New York 10036
Telephone: (212) 841-9335

*Financial Advisor to the Official Committee of
Unsecured Creditors of Personal
Communications Devices, LLC., et al.*

EXHIBIT A

EXHIBIT A
PERSONAL COMMUNICATION DEVICES - CASE 13-75403
FTI CONSULTING, INC.
SUMMARY OF HOURS BY PROFESSIONAL
FOR THE PERIOD JANUARY 1, 2014 THROUGH JANUARY 31, 2014

PROFESSIONAL	POSITION	BILLING RATE	HOURS	TOTAL FEES	
Eisenband, Michael	Senior Managing Director	925	4.0	\$3,700.00	(1)
Tully, Conor	Senior Managing Director	925	15.0	13,875.00	(1)
Baumkirchner, Michael	Managing Director	765	38.7	29,605.50	(1)
Barrett, Dennis	Senior Consultant	550	35.0	19,250.00	(1)
Hellmund-Mora, Marili	Associate	250	8.4	2,100.00	
Sub Total			101.1	\$68,530.50	
Less: 50% discount for non-working travel time				(275.00)	
Total			101.1	\$68,255.50	

(1) Reflects revised rates effective January 1, 2014.

EXHIBIT B

EXHIBIT B
PERSONAL COMMUNICATION DEVICES - CASE 13-75403
FTI CONSULTING, INC.
SUMMARY OF HOURS BY PROJECT CODE
FOR THE PERIOD JANUARY 1, 2014 THROUGH JANUARY 31, 2014

TASK CODE	DESCRIPTION	HOURS	TOTAL FEES
1	Current Operating Results & Events	2.7	\$1,872.00
2	Cash & Liquidity Analysis	7.3	5,179.50
13	Analysis of Other Miscellaneous Motions	0.6	330.00
14	Analysis of Claims/Liabilities Subject to Change	21.9	15,805.00
15	Analysis of Interco. Claims, Related Party Transactions, Substantial	3.7	2,594.00
16	Analysis, Negotiate and Form of POR & DS	7.6	5,173.50
17	Wind Down Monitoring	7.1	4,758.50
18	Potential Avoidance Actions & Litigation	21.7	16,780.50
20	General Meeting with Debtor & Debtors' Professionals	4.1	2,255.00
21	General Meetings with Committee & Committee Counsel	10.5	7,690.00
24	Preparation of Fee Application	12.9	5,542.50
25	Travel Time	1.0	550.00
Total		101.1	\$68,530.50
Less: 50% discount for non-working travel time			(275.00)
Total		101.1	\$68,255.50

EXHIBIT C

(Filed under seal per Order dated February 5, 2014)

EXHIBIT D

EXHIBIT D
PERSONAL COMMUNICATION DEVICES - CASE 13-75403
FTI CONSULTING, INC.
SUMMARY OF EXPENSES
FOR THE PERIOD JANUARY 1, 2014 THROUGH JANUARY 31, 2014

EXPENSE TYPE	AMOUNT
Working Meals	\$231.11
Other	274.19
TOTAL	\$505.30

Note: Overtime meals over \$20.00 have been reduced to \$20.00 to comply with the Guidelines for Fees and Disbursements for Professionals in Eastern District of New York Bankruptcy Cases (June 4, 2013).

EXHIBIT E

EXHIBIT E
PERSONAL COMMUNICATION DEVICES - CASE 13-75403
FTI CONSULTING, INC.
EXPENSE DETAIL
FOR THE PERIOD JANUARY 1, 2014 THROUGH JANUARY 31, 2014

DATE	PROFESSIONAL	EXPENSE TYPE	DESCRIPTION OF EXPENSE	AMOUNT
12/18/2013	Tully, Conor	Working Meals	Dinner for self and M. Baumkirchner while working late in the office.	\$40.00
12/22/2013	Tully, Conor	Working Meals	Lunch meeting with Richter and R. Kunzmann (Debtors).	191.11
Working Meals Total				231.11
1/14/2014	Barrett, Dennis	Other	External hard drive for document retention of email server.	100.00
1/20/2014	Barrett, Dennis	Other	External hard drive for document retention of PCD's shared drive.	174.19
Other Total				274.19
Grand Total				\$505.30

Note: Overtime meals over \$20.00 have been reduced to \$20.00 to comply with the Guidelines for Fees and Disbursements for Professionals in Eastern District of New York Bankruptcy Cases (June 4, 2013).

EXHIBIT F

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK**

In re:

**PERSONAL COMMUNICATIONS
DEVICES LLC, et al.¹**

Debtors.

Chapter 11

Case No. 13-74303 (AST)

(Jointly Administered)

**CERTIFICATION UNDER GUIDELINES FOR FEES AND DISBURSEMENTS FOR
PROFESSIONALS IN RESPECT OF THE FIRST SUPPLEMENTAL APPLICATION
OF FTI CONSULTING, INC., FINANCIAL ADVISOR TO THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS OF PERSONAL COMMUNICATION
DEVICES LLC, *ET AL.* FOR INTERIM ALLOWANCE OF COMPENSATION
AND REIMBURSEMENT OF EXPENSES FOR THE PERIOD FROM
JANUARY 1, 2014 THROUGH JANUARY 31, 2014**

Pursuant to the Amended Guidelines for Fees and Disbursements for Professionals in Eastern District of New York Bankruptcy Cases effective June 10, 2013 (the “General Order”), and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, adopted on January 30, 1996 (the “U.S. Trustee Guidelines” and, together with the General Order, the “Guidelines”), the undersigned, a senior managing director of FTI Consulting, Inc. (“FTI”), financial advisor to the Official Committee of Unsecured Creditors (the “Committee”) of Personal Communication Devices LLC and its affiliated debtors and debtors in possession (collectively, the “Debtors”), hereby certifies with respect to FTI’s First Supplemental Application for allowance of compensation for services rendered and for reimbursement of

¹ The Debtors in these chapter 11 cases, along with the last four (4) digits of each Debtor’s federal tax identification number, are: Personal Communications Devices, LLC, a Delaware limited liability company (4171) and Personal Communications Devices Holdings, LLC, a Delaware limited liability company (4096). The Debtors’ mailing address is 80 Arkay Drive, Hauppauge, Suffolk County, NY 11788.

expenses, dated February 19, 2014 (the "Application"), for the period of January 1, 2014 through and including January 31, 2014 (the "Compensation Period") as follows:

1. I am the professional designated by FTI in respect of compliance with the Guidelines.
2. I make this certification in support of the Application, for interim compensation and reimbursement of expenses for the Compensation Period, in accordance with the General Order.
3. In respect of section B.1 of the General Order, I certify that:
 - a. I have read the Application.
 - b. To the best of my knowledge, information and belief formed after reasonable inquiry, the fees and disbursements sought fall within the Guidelines.
 - c. Except to the extent that fees or disbursements are prohibited by the Guidelines, the fees and disbursements sought are billed at rates in accordance with practices customarily employed by FTI and generally accepted by FTI's clients.
 - d. In providing a reimbursable service, FTI does not make a profit on that service, whether the service is performed by FTI in-house or through a third party.

4. In respect of section B.2 of the General Order and in accordance with the Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals, entered on September 23, 2013, (the "Interim Compensation Order"), the following monthly fee statements (the "Monthly Statements") were served on the Notice Parties². On October 25, 2013, FTI's first monthly statement for services provided from August 26, 2013 through September 30, 2013 was served. On November 20, 2013, FTI's second

² Note that the exhibits containing the detailed time entries were withheld from all of the Notice Parties except for the Debtors and the United States Trustee's office due to the pending litigation with the lender parties. Further, a motion to file the Application's time entry detail under seal is being sought concurrently with the filing of the First Interim Application.

monthly statement for services provided from October 1, 2013 through October 31, 2013. On December 31, 2013, FTI's third monthly statement for services provided from November 1, 2013 through November 30, 2013 was served. On February 3, 2014, FTI's fourth monthly statement for services provided from December 1, 2013 through December 31, 2013 was served. On February 19, 2014, FTI's fifth monthly statement for services provided from January 1, 2014 through January 31, 2014 will be served. The objection period for the Monthly Statements for the periods through and including December 2013 as set by Paragraph 1(d) of the Interim Compensation Order, has passed and FTI has received no objections to these Monthly Statements from any party. The objection period for FTI's fifth monthly statement for services provided from January 1, 2014 through January 31, 2014 remains pending as of this date.

5. I certify that the Notice Parties will be provided with a copy of the Application concurrently with the filing thereof and will have at least 15 days to review such Application prior to any objection deadline with respect thereto.

Dated: New York, New York
February 19, 2014

FTI CONSULTING, INC.

Financial Advisor to the Official Committee of
Unsecured Creditors of Personal Communication
Devices LLC, *et al.*

By: 

Conor Tully
Senior Managing Director
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